

# **Report of the United Nations Board of Auditors**

**Note by the Executive Secretary**

**Addendum**

**Comments by the secretariat**

## *Summary*

This document should be read in conjunction with the report of the United Nations Board of Auditors and the audited financial statements for the biennium 2002–2003 (ICCD/COP(7)/2/Add.5 (A)). It has been prepared to provide the COP with comments by the secretariat on the recommendation made by the Board and an account of the initial actions taken in response to those recommendations.

Some of the recommendations had already been implemented by the time this report was prepared, whereas others will require the establishment of processes that should be maintained for the preparation of future financial statements and reports.

Recommendations of the United Nations Board of Auditors	Comments and actions by the secretariat	Status of implementation
<b>Main recommendations</b>		
<p>(a) (i) Secretariat to continue its efforts to collect contributions,</p> <p>(ii) COP to implement its rule concerning the minimum amount of assessed contributions or to modify it</p>	<p>(i) The UNCCD Secretariat has continued its efforts to collect outstanding contributions from the Parties. These efforts include meetings by UNCCD Secretariat staff with the Parties, publishing of the current status of outstanding contributions on the UNCCD Secretariat's web site (<a href="http://www.UNCCD.int/">http://www.UNCCD.int/</a>) and sending reminders on a quarterly basis. As at 31 December 2005, the secretariat has collected approximately 92 % of the total contributions due for the biennium 2004 – 2005. Outstanding contributions due at 31 December 2005 for the biennium amounted to US \$ 1,293,000 from about 53 % of the Parties.</p> <p>(ii) As for the rules concerning the minimum amount of assessed contributions, the secretariat is seeking guidance from COP7 on how to proceed.</p>	<p>Such “reminding” procedures have been in place for a very long time now, and are continuing. The secretariat is continuing to post on the UNCCD’s web site information regarding the current status of contributions.</p> <p>In paragraph 6 of Decision 23 COP 7 decided not to accept the auditors recommendation on minimum indicative contributions in the light of decision 6/COP.2;</p>
<p>(b) Consider appropriate means to enhance the Governing Body’s capacity to react to administrative and financial issues between meetings of the COP</p>	<p>As this is a policy issue, the secretariat would like to seek guidance from the COP on how to implement the audit recommendation.</p>	<p>In the budget discussions that occurred at COP 7, the secretariat was repeatedly advised that any budget decision must be handled by a special inter-sessional meeting of the COP, and decision 23 reconfirmed this guidance without addressing financial implications. Therefore, no further action was taken by the secretariat.</p>

<b>Recommendations of the United Nations Board of Auditors</b>	<b>Comments and actions by the secretariat</b>	<b>Status of implementation</b>
(c) UNCCD should review in conjunction with the Administration of the United Nations and other funds and programmes, the funding mechanisms and targets for end-of-service and post-retirement benefits liabilities.	Liabilities for after-service health insurance have been estimated in cooperation with United Nations Headquarters. Other liabilities have been calculated and are reflected in the notes to the current financial statements. The secretariat recognizes that no reserve has been set aside to cover these liabilities. The secretariat is monitoring UN wide developments in this area, and will follow the actions recommended by the external and internal auditors and UNHQ in this area.	Partially implemented
(d) The Board recommended that UNCCD clarify and update its delegation of authority from, and the memorandum of understanding with, the United Nations.	The secretariat agrees with this recommendation, and, in light of the outcome of COP 7, is taking steps to have the delegations of authority from UNHQ and the Memorandum of Understanding with UNOG clarified, revised and updated.	Partially implemented
(f) Submit, should it contemplate allowing donors to conduct their own third-party external audits of UNCCD projects, the issue of “single audit” to the COP, after consultation with the Board of Auditors (paragraph 66);	The secretariat addressed this issue at COP 7, but Parties did not pursue this matter.	The COP did not take any action on this recommendation.
(g) Comply with the rules and instructions on consultancy (para. 82, 85, 87, 89, 91, and 98)	The secretariat developed and issued new rules and procedures for the issuance of consultants’ contracts.	Fully implemented
(h) Develop an anti-fraud and anti-corruption plan, in coordination with the United Nations and other funds and programmes to obtain the benefit of best practices (para. 108).	The secretariat is monitoring the UN wide developments in this area and will develop an anti-fraud policy in consultation with OIOS. The policy is expected to be in place during 2006.	Pending
<b>Additional recommendations</b>		
Para. 23. The Board recommended that UNCCD further improve its fund-raising for the Trust Fund for Voluntary Financing of Supplementary Activities.	The secretariat has strengthened fund-raising efforts for the participation fund, but notes a trend of reduced income and more earmarking by contributing Parties. In managing the Trust Fund, priority is given to promoting participation.	Fully implemented

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<p>Para. 34. The Board recommended that UNCCD consider the disclosure of information in terms of best governance principles relating to oversight, performance reporting, social accounting issues, risk management, continuity and internal control issues. In this regard, UNCCD could revert to paragraph 6 of resolution 57/278, by which the General Assembly requested the Secretary-General and the executive heads of the funds and programmes of the United Nations to examine governance structures, principles and accountability throughout the United Nations system, since better disclosure would be a step towards taking a proactive approach to the review requested by the Assembly.</p>	<p>The secretariat agrees with this recommendation, which reflects new approaches to reporting in the United Nations. The secretariat had constituted an internal management committee tasked to advise the executive secretary on best management practices. The secretariat will, if appropriate, incorporate similar disclosures made by other United Nations organizations and developments in this area into its next financial report.</p>	<p>Action initiated and continuing. Full disclosure will occur in the 2004-2005 financial statements.</p>
<p>Para. 41. The Board recommended that the secretariat submit the issue of exchange rate changes to the COP as a matter of priority.</p>	<p>The secretariat submitted the issue of exchange rate fluctuations to COP7 and the COP took decisions as per paragraphs 12 -14 of decision 23, COP 7.</p>	<p>Action of secretariat has been taken, but full implementation of COP 7 decision is still dependent upon UNOG concurrence.</p>
<p>Para. 45. The Board recommended that purchase orders be issued prior to the delivery of goods and services.</p>	<p>UNCCD has taken action to notify all units that purchase orders must be issued prior to the delivery of goods and services. Internal controls have been tightened in this area.</p>	<p>Fully implemented</p>
<p>Para. 47. The Board recommended that UNCCD recover long-outstanding travel advances in compliance with ST/AI/2000/20.</p>	<p>The secretariat agreed with the Board's recommendation that it recover long-outstanding travel advances in compliance with ST/AI/2000/20.</p>	<p>Continuously implemented</p>
<p>Para. 50. The Board recommended that UNCCD (i) thoroughly review unliquidated obligations at biennium end.</p>	<p>The secretariat agrees with these recommendations, and it continues to review unliquidated obligations on a regular basis. Final review will be done at the end of the biennium.</p>	<p>Continuously implemented</p>
<p>Para. 58. The Board recommended that UNCCD clarify and update its delegation of authority from, and the memorandum of understanding with, the United Nations.</p>	<p>The secretariat agrees with this recommendation, and, in light of the outcome of COP 7, is taking steps to have the delegations of authority from UNHQ and the Memorandum of Understanding with UNOG clarified, revised and updated.</p>	<p>Partially implemented and updates continuing</p>

<b>Recommendations of the United Nations Board of Auditors</b>	<b>Comments and actions by the secretariat</b>	<b>Status of implementation</b>
Para. 61. The Board recommended that the UNCCD adopt with OIOS a multi-year framework for periodic audits.	The secretariat appreciates this recommendation and has initiated discussions with the Office of Internal Oversight Services (OIOS) on a number of issues, and COP 7 approved the establishment of an internal auditor post in Bonn to be jointly funded by the UNCCD and, with the approval of the COP of the UNFCCC, UNFCCC. One OIOS audit was completed in the 2004-2005 biennium.	Partially implemented and financial implications are to be absorbed within the existing budgetary funding.
Para. 68. The Board recommended that the secretariat prepare guidelines for its fund raising procedures.	The secretariat has already taken steps to prepare its fund-raising strategy for 2006 through a consultative process with concern units. Furthermore, the secretariat continues its efforts to mobilize supplementary funds from traditional and new donors. Funding proposals for various activities are developed and submitted to various donors for their consideration.	Partially implemented, but preparation of guidelines for fund raising is dependent upon IIWG outcome on secretariat strategic plan.
Para. 101. The Board recommended that the secretariat establish accurate travel plans.	The secretariat has been preparing quarterly travel plans during the biennium.	Continuously implemented
Para. 105. The Board recommended that the secretariat comply with administrative instructions relating to daily subsistence allowances, and to document appropriately special rates.	This issue relates specifically to COP 6 DSA for staff which was specifically negotiated with the host country government and the approval of which by the Executive Secretary was noted in the files at the time. There have been no other instances of the use of special rates thereafter.	Fully implemented
Para. 105. The Board recommended that the secretariat develop, document and implement a plan against the risk of internal corruption and fraud, including fraud-awareness initiatives, in coordination with the Administration of the United Nations and the other funds and programmes to obtain the benefit of best practices, where available.	The secretariat is monitoring the UN wide developments in this area and will develop an anti-fraud policy in consultation with OIOS. This will be a priority task of the resident auditor and the newly established management team, with the aim of developing that a policy is expected to be in place during the 2006-2007 biennium.	Pending

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